

## Cost Sharing Reductions (CSR)

### Special Discounts on Out-of-Pocket Costs

Cost sharing reductions (CSR) are special discounts that reduce your out-of-pocket costs. They lower the amount that you'll have to pay yourself for expenses like copays, deductibles, and will decrease your out-of-pocket maximums. CSRs are only applicable to *silver level plans and higher*. If you choose a *bronze level plan*, your eligible CSRs will not be applied to your plan.

- **Copayment or copay:** The fixed amount you pay for a service, usually at the time of service (For example: \$15 due when you visit the doctor).
- **Co-insurance:** Your share of the cost of a service that is not covered by your insurance plan. (For example: If you have a 20% plan, after your deductible is met, your insurance company will pay 80% of the service received, and you will be responsible for the remaining 20%).
- **Deductible:** The amount that you owe out-of-pocket before your insurance begins to pay. (For example: If your deductible is \$1,000, your insurance won't pay anything until you have paid \$1,000 of your money towards those services).
- **Out-of-Pocket Maximum:** The most amount of your own money that you will have to pay during a policy period before your insurance starts to pay 100% of your costs. The life of a policy is usually one year. (For example: If your out-of-pocket maximum is \$2,000, and you have paid that much towards your deductible, copays, co-insurance, and any other charges, you would be responsible for no other costs after that \$2000 max has been met by you).

### How will I know if I'm eligible for these special discounts?

CSRs are determined by two factors: 1) Your income, and 2) the Federal Poverty Level (FPL). Special discounts come in three categories (A, B, and C). It is important to note that if your income changes during the course of a year, your CSR level may also change. Below is a helpful chart you can use to figure your CSR eligibility.

YOUR INCOME LEVEL COMPARED TO THE FEDERAL POVERTY LEVEL	CATEGORY	SPECIAL DISCOUNTS/ CSRs
Less than 150% of the FPL	A	May pay up to 94% of your out-of-pocket costs
Less than 200% but more than 150% of the FPL	B	May pay up to 87% of your out-of-pocket costs
Less than 250% but more than 200% of the FPL	C	May pay up to 73% of your out-of-pocket costs

For more information on the FPL, or to view the chart, please go to [www.healthcare.gov](http://www.healthcare.gov). Note: The FPL changes on a year to year basis, and each insurance company adjusts the deductible, co-insurance, and copayment amounts accordingly.

### How will a category change affect me?

If you experience a change in income or household size, it is possible that your CSR category will also change. This may open up a Special Enrollment Period (SEP) for you, which will allow you to enroll into a new plan or make a change to your existing one immediately, even if it is outside of regular Open Enrollment. If you are not enrolled in a *silver level plan* when your life changes take place, you may change to one in order to receive your newly eligible special discounts. Note: If you do choose to change insurance plans or even companies, you will have to start over at \$0 to meet a new deductible.

- **CSR changes can affect your out of pocket costs.**

Let's look at a few examples of this:

Sarah is enrolled in a *silver level plan* starting January 1<sup>st</sup>, with Category C CSRs, and with a \$2,300 deductible. Sarah pays a \$40 copay to see her doctor. In April, Sarah changes jobs and reports a new, lower income. Sarah now qualifies for Category A CSRs, and her

deductible is now only \$750. This means that she will only be responsible for paying \$750 of her own money before the insurance company pays their portion of her services, as opposed to \$2,300 as it was before the income change. Additionally, her doctor visits now cost only \$10 instead of \$40. Because Sarah had already paid \$600 out-of-pocket towards her deductible, she only has to pay \$150 more to meet her new one.

Dennis is currently enrolled in a *silver level plan*, Category A, with a \$500 deductible, which he has already met. Dennis gets a raise at work and reports his higher income. Dennis is now eligible for Category C. This change resulted in his deductible being raised from the previous \$500 to \$2,250. This means that he will now be responsible \$1,750 more out-of-pocket before the insurance will resume paying their portion of his services.

Beginning January 1<sup>st</sup>, Jess enrolled in a *silver level plan*, Category B, with a low \$250 deductible, and an out-of-pocket maximum of \$2000. He chose a plan with a low deductible because he frequents the doctor. In June, Jess loses his job, but still has another small source of income. Jess calls in to report the change and is now eligible for Category A, with a \$0 deductible. Although Jess paid the \$250 out of his pocket to meet his previous deductible, he will NOT get a refund for the amount he paid towards it. However, the \$250 that Jess paid WILL count towards his new out-of-pocket maximum, which has been lowered to \$1000. Now he will only have to pay \$750 more before the insurance company begins paying their share of his services.

- **CSR changes can affect your out-of-pocket maximums.**

### **When will my changes take effect?**

If your Category changes before the 15<sup>th</sup> of the month, the new Category will start the next month. (For example: Your Category changes on February 7<sup>th</sup>. Your new Category will start March 1<sup>st</sup>.) If the change happens after the 15<sup>th</sup> of the month, then the new Category will take effect the following month after next. (For example: Your Category changes on July 20<sup>th</sup>. Your new Category will start September 1<sup>st</sup>.)

## **IMPORTANT THINGS TO REMEMBER**

- **CSR discounts only apply to *silver level plans***
- **If you stay in your current *silver level plan* with the same insurance company and your Category changes, you may receive new insurance cards.**
- **If you are an American Indian or Alaska Native, you may be eligible for other special discounts. There is a separate fact sheet regarding these discounts and other benefits you may be eligible for.**